



*Delivering Energy to Improve Lives*

September 2, 2021

City of Snyder  
1925 24<sup>th</sup> Street  
Snyder, Texas 79549

**RE: City of Snyder Ordinance Variance Request**

Honorable Mayor:

Kinder Morgan Production Company LLC (“Kinder Morgan”) preformed a geophysical survey on land adjacent to our SACROC Unit in December 2020. This geophysical survey was conducted on land that included parcels within the City of Snyder. Prior to the start of the project, Kinder Morgan presented the planned geophysical survey project details to the City Council during several city council meetings in the fall of 2020. During this same time, Kinder Morgan worked with the Railroad Commission of Texas to gain approval on the expansion of the SACROC Unit Area to include additional lands based on the geophysical survey results. Kinder Morgan and the City of Snyder also executed an Oil and Gas Lease dated December 17, 2020 covering 7.42 acres within the expanded SACROC Unit Area. The City of Snyder subsequently unitized its royalty interest to the SACROC Unit Area by executing a Ratification of Unit Agreement on April 5, 2021.

Based on the results of the geophysical survey and SACROC Unit expansion, Kinder Morgan plans to submit permits to drill 9- 10 new wells within the City of Snyder before the end of the year. These 9-10 wells will be drilled from 5 new drilling locations and 1 potential shut-in orphan well (STS #2). Kinder Morgan is currently requesting the Railroad Commission of Texas transfer ownership of STS #2 to Kinder Morgan. Four of the drilling locations will contain multiple wells to reduce the footprint of our operations within the city limits. Kinder Morgan plans to drill these wells in early 2022. If a location has multiple wells, Kinder Morgan intends to drill all wells on that location prior to mobilizing to a different location. A map of these locations is included as an attachment.

We are also including our current project timeline for your information. Please keep in mind that dates may change due to factors outside of our control (weather, supply chain delays, subsurface conditions, etc.). Our development plan will comply with the City of Snyder Ordinance Article 4.05 (Oil and Gas). However, in order to efficiently implement our drilling and production plan, Kinder Morgan respectfully requests that the City of Snyder consider and grant the following variances to the City of Snyder Ordinance Article 4.05:

6 Desta Drive, Suite 6000, Midland, TX 79701

**Sec. 4.05.032(a)(2)(D)(iv) – Application; filing fee** *“The location with respect to the same items listed in subsection (a)(2)(D)(iii) of this section of any off-site tank battery or other gathering facility, together with the proposed routing of gathering lines.”*

Kinder Morgan requests that the City of Snyder grant a variance for this section that would allow Kinder Morgan to build out the infrastructure needed to produce from the wells within the city limits prior to seeking a drilling permit from the city for the wells. This variance would allow Kinder Morgan to lay gathering and injection lines and place power poles and power lines prior to and independent of well permitting. This variance will also allow Kinder Morgan to exclude cathodic protection from the well permits and allow Kinder Morgan to construct the cathodic protection equipment needed after drilling of the wells. Kinder Morgan is seeking permission to conduct these activities in this request (construction of gathering and injection lines, power pole and power line placement, and cathodic protection equipment). The drilling permit submitted for City of Snyder approval would still include items required in subsections (a)(2)(D)(i-iii) of this section.

A map with the well pad locations, gathering and injection lines, power line placement, and cathodic protection equipment is included as an attachment.

**Sec. 4.05.041 – Termination** *“When a permit shall have been issued under this division, the permit shall terminate and become inoperative without any action on the part of the city unless, within 90 days from the date of issuance, actual drilling of the well shall have commenced.”*

Kinder Morgan requests that the City of Snyder grant a variance to this section to allow a permit to be active for a period of 1 year from date of issuance. Section 4.05.039 (a)(3) already grants that the term of a drilling permit be for a period of 1 year. We are seeking this 1 year active permit variance to allow Kinder Morgan to submit all of our permit applications at a single City Council meeting for approval to commence drilling operations in early 2022.

**Sec. 4.05.074 – Derrick and rig; watchman** *“At all times from the start of erection of a derrick or a mast or a gin-pole until the well is abandoned and plugged or completed as a producer and enclosed with a fence as provided in section 4.05.080, the permittee shall keep a watchman on duty on the premises at all times; provided, however, it shall not be necessary to keep an extra watchman on duty on the premises when other workers of the permittee are on the premises.”*

Kinder Morgan requests that the City of Snyder grant a variance to the requirement of a watchman if the drilling location is on private property and that location is within land that is secured with at least 3 strand barbed wire and locking gate. Kinder Morgan will ensure that the gate is locked when workers are not on the premises or when there is a permanent fence around the well heads.

**Sec. 4.05.075 – Pits** *“If the city council permits the use of earthen slush pits in connection with any drilling and/or reworking operations, such earthen slush pits shall, within 60 days from the completion of the well as a producer of oil or gas or within 60 days after the abandonment of the well as a dry hole or within 60 days after completion of reworking operations, fill such slush pit with dirt and level the pit.”*

Kinder Morgan requests that the City of Snyder approve use of earthen pits. Earthen pits would be constructed and utilized per the requirements of the Texas Railroad Commission. Currently, Kinder Morgan plans to utilize a single earthen pit for each pad location.

Kinder Morgan is also requesting the requirement to level and fill the earthen pit within 60 days of completion of the well be extended to 180 days of completion of the last well drilled on each respective pad. This would allow for the use of a single pit and for the cuttings to dry per RRC requirements prior to filling the pits with dirt and leveling the pad.

**Sec. 4.05.080 – Fences** *“Any person who completes any oil or gas well as a producer shall have the obligation to enclose the well, together with its surface facilities, by a substantial steel mesh fence sufficiently high and properly built so as to ordinarily keep persons and animals out of the enclosure, with all gates thereto to be kept locked when the permittee or his employee are not within the enclosure.”*

Kinder Morgan requests that the City of Snyder approve fencing similar to the fencing shown in the attached Photo 1 and 2 to comply with the city’s fencing ordinance. This fencing would be installed upon completion of the surface wellhead equipment

**Sec. 4.05.081 – Noise and other nuisances** *“All oil operations, drilling and production operations shall be conducted in such a manner as to eliminate, as far as practicable, dust, noise, vibration or noxious odors and shall be in accordance with the best accepted practices incident to exploration for, drilling for and production of oil, gas and other hydrocarbon substances.”*

Kinder Morgan requests the City of Snyder approve the use of factory installed mufflers or manufactures replacement mufflers as a manner to eliminate noise as far as practicable.

**Sec. 4.05.083 – Fire Prevention** *“(b) Adequate firefighting apparatus and supplies, approved by the fire department, shall be maintained on the drilling site at all times during drilling and production operations.”*

Kinder Morgan requests that the City of Snyder grant a variance to only require firefighting equipment at the well pad during drilling operations and not during production operations.

Should you have any questions concerning any of these requests for variance to your city ordinance, please do not hesitate to contact me.

Sincerely,  
**Kinder Morgan Projection Company, LLC**



Aaron M. Hale, P.G.  
EHS Manager

**Current Project Timeline in the Snyder City Limits**

**Development Schedule**

AFE Description	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22
Production Wellhead Hook-ups														
Production Flowlines														
Gathering Lines														
Cathodic Protection (Underground Utilities)														
Electrical Distribution														
Injection Lateral Lines 6" & 3"														
River Crossing														
Injection Meter Runs														
Well Pad Construction														
Drilling														



**Photographs**

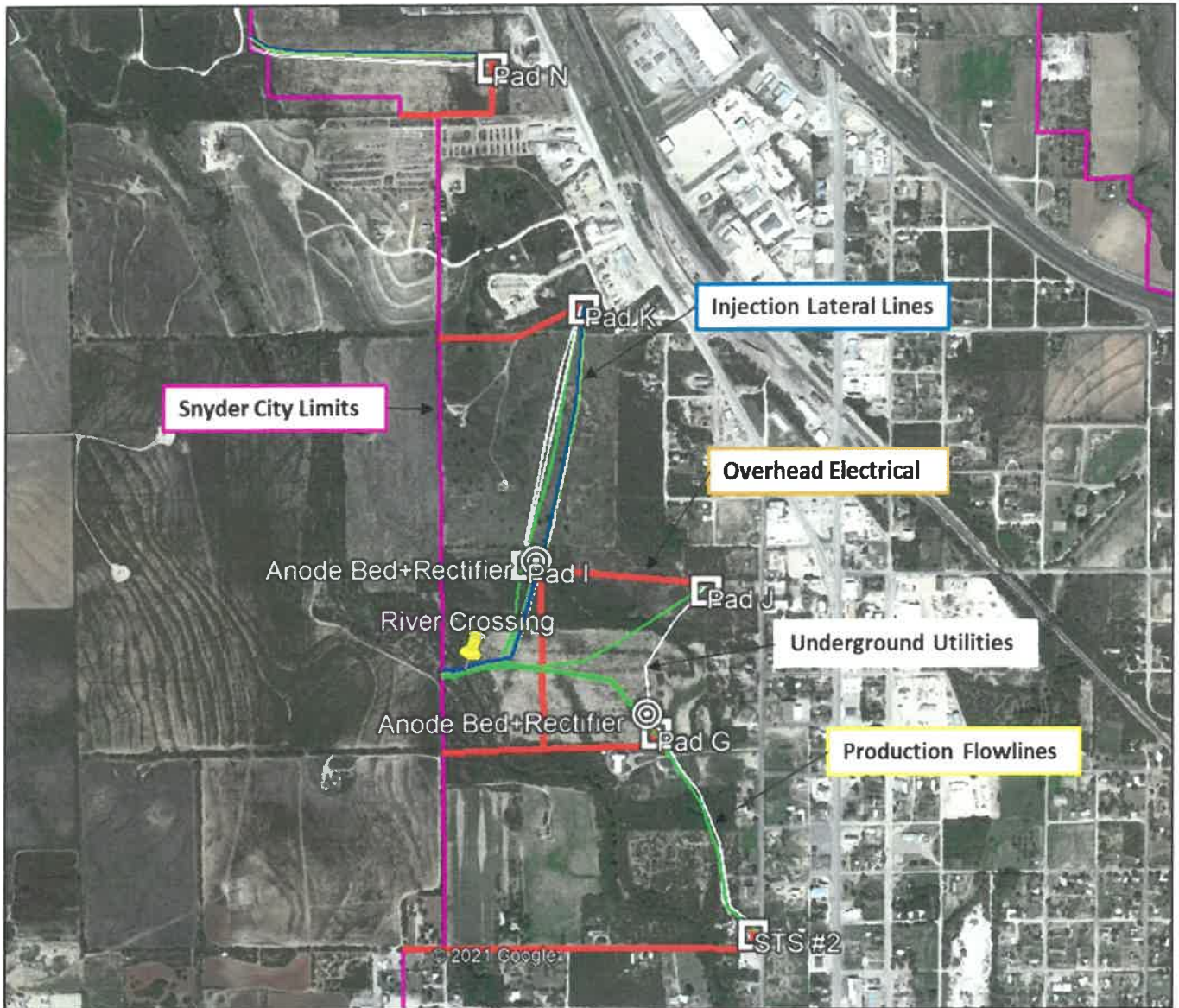


**Photo 1. Typical fence panel currently at use at select SACROC well locations.**



**Photo 2. Typical fence panel currently at use at select SACROC well locations.**

## Maps



**Planned Infrastructure in Snyder City Limits**